

**JBC STAFF FISCAL ANALYSIS
HOUSE APPROPRIATIONS COMMITTEE**

CONCERNING AN INCREASE IN AFFORDABLE HOUSING FUNDING FROM INCREASED STATE SALES TAX REVENUE THAT RESULTS FROM A MODIFICATION TO THE STATE SALES TAX VENDOR FEE, AND, IN CONNECTION THEREWITH, ENACTING THE "AFFORDABLE HOUSING ACT OF 2019" AND MAKING AN APPROPRIATION.

Prime Sponsors: Representative Weissman
Senator Gonzales

JBC Analyst: Carolyn Kampman
Phone: 303-866-4959
Date Prepared: April 15, 2019

Fiscal Impact of Bill as Amended to Date

The most recent Legislative Council Staff Revised Fiscal Note (attached) reflects the fiscal impact of the bill as of 04/10/19.

	No Change: Attached LCS Fiscal Note accurately reflects the fiscal impact of the bill*
XXX	Update: Fiscal impact has changed due to <i>new information or technical issues</i>
	Update: Fiscal impact has changed due to <i>amendment adopted</i> after LCS Fiscal Note was prepared
	Non-Concurrence: JBC Staff and Legislative Council Staff disagree about the fiscal impact of the bill

The attached Fiscal Note correctly indicates what portion of the additional revenue collected as a result of the vendor fee change will be retained in the General Fund (rather than being credited to the Housing Development Grant Fund) to cover the costs of implementing the bill. Based on the Finance Committee Report, the amount retained is \$1,220,000 in FY 2019-20 and \$1,540,000 in FY 2020-21 and subsequent fiscal years. These amounts differ from the amounts described in the "State Transfer" section of the attached Fiscal Note. Fiscal Note Staff agrees with this update related to the amounts that will be retained in the General Fund based on the bill as amended by the Finance Committee Report.

Amendments in This Packet for Consideration by Appropriations Committee

Amendment	Description
J.001	Staff-prepared appropriation amendment
L.004	Bill Sponsor amendment - changes fiscal impact

Current Appropriations Clause in Bill

The bill includes an appropriation clause but it does not provide the necessary appropriations for FY 2019-20.

Description of Amendments in This Packet

J.001 Staff has prepared amendment **J.001** (attached) to add a provision appropriating a total of \$329,206 General Fund for FY 2019-20, including \$42,798 to the Department of Local Affairs and \$286,408 to the Department of Revenue. This provision also states that the appropriation is based on the assumption that the Department of Revenue will require an additional 0.4 FTE.

The Housing Development Grant Fund is continuously appropriated to the Department of Local Affairs' Division of Housing, so the Division does not require an appropriation from this fund to allocate the new fund revenues as directed by the bill.

L.004 The House Finance Committee Report reduces the amount of the sales and use tax revenue that would be credited to the Housing Development Grant Fund under the bill by the amounts required to implement the bill for the first two fiscal years based on the initial Fiscal Note (using rounded dollar amounts of \$1,220,000 for FY 2019-20 and \$1,540,000 for FY 2020-21 and subsequent fiscal years). Bill Sponsor amendment **L.004** (attached) reduces these figures based on the revised Fiscal Note (\$340,000 for FY 2019-20 and \$645,000 for FY 2020-21 and subsequent fiscal years). This amendment thus reduces the amount of General Fund revenue that would offset General Fund expenditures, resulting in a net General Fund impact in both fiscal years closer to zero.

The Committee should adopt J.001 whether or not it adopts L.004.

Points to Consider*General Fund Impact*

The Joint Budget Committee has proposed a budget package for FY 2019-20 based on the March 2019 Legislative Council Staff revenue forecast. The budget package leaves approximately \$65.2 million General Fund unallocated. Thus, the General Assembly could appropriate up to \$60.8 million General Fund to fund 2019 legislation and maintain a 7.25 percent General Fund reserve. This bill requires General Fund appropriations totaling \$329,206 for FY 2019-20, reducing the excess General Fund reserve by \$353,073. This bill also increases General Fund revenues by \$1,220,000 in FY 2019-20, resulting in a net increase in the General Fund reserve of \$866,927.

If bill sponsor amendment L.004 is adopted, the bill will increase General Fund revenues by \$340,000 in FY 2019-20, and reduce the excess General Fund reserve by \$13,073.